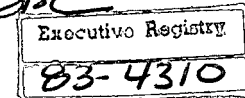




THE SECRETARY OF COMMERCE
Washington, D.C. 20230



AUG 30 1983

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MEMORANDUM FOR: Bill Case *SEP 1983*

FROM: Mac Baldrige *Mac*

SUBJECT: Economic Roundup

Enclosed is the August issue of our Monthly Economic Roundup.

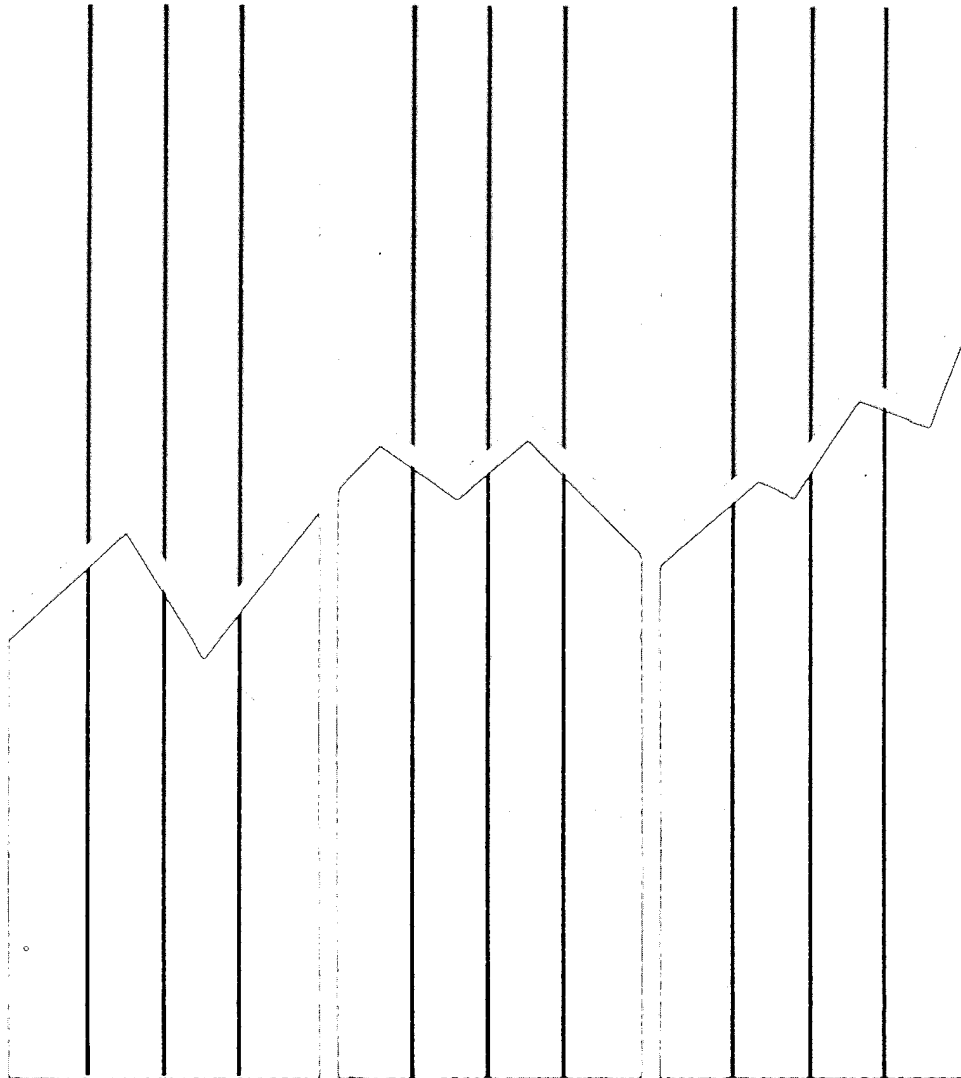
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The Economic Roundup



A MONTHLY REVIEW OF
ECONOMIC DEVELOPMENTS



Office of Economic Affairs
U.S. Department of Commerce

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THE ECONOMIC ROUNDUP

A Monthly Review of Economic Developments

Prepared by

The Office of the Chief Economist

U.S. Department of Commerce

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August 1983

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~~FOR OFFICIAL USE ONLY~~SUMMARY

The strong economic momentum of the second quarter has carried into the third quarter. Growth during the current quarter, however, appears to be moderating. Gains in both the consumer and housing sectors are slowing after considerable strength in the spring. Some of the slowdown probably stems from the rise in interest rates, on balance, since May. Renewed building of nonfarm inventories--the first since late 1981--is now in progress, helping to offset slower growth in other sectors. Auto assemblies are scheduled to rise by 23 percent this quarter after a small decline in the previous period. This will contribute about two percentage points to the growth rate for real GNP.

Real GNP rose at a revised annual rate of 9.2 percent in the second quarter, more than the preliminary estimate of an 8.7-percent growth rate and sharply higher than the 2.6-percent gain in the first quarter. Given the performance of real GNP in the first half, and the gains in employment and industrial production through July, the recovery to date has been about average.

July marked the final installment of the three-stage Federal tax cut, reducing the personal tax burden to the lowest level in 5 years.

Interest rates rose through early August, but began to decline around mid-month. Monetary aggregates are now growing at slower and more acceptable rates.

The economic rebound may be slowing. Growth in personal consumption expenditures will be more moderate this quarter, while residential investment will be up only modestly. A smaller gain in July's leading index is likely.

The third quarter was off to a good start, however, based on gains in industrial production and payroll employment.

Corporate profits and cash flows are rebounding strongly and should bolster capital spending plans.

On the international front, the dollar continued to rise in early August to a record high. As interest rates moved down, the dollar declined slightly but remains very high. The merchandise trade deficit, which was at a record rate in the second quarter, is expected to worsen.

Wage and price increases continued to be restrained through July. A modest pickup is likely, however, and would be a normal development as labor markets improve and operating rates move up. U.S. feed grain prospects have deteriorated from expectations at early summer. Acreage reduction programs and hot, dry weather will cut this year's harvests sharply. But price increases should be limited because crop production in most foreign countries is expanding and world carryover stocks are large.

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PERSPECTIVE ON THE RECOVERY TO DATE

July was the eighth month of general economic recovery, which is proceeding at a pace close to the average of comparable recovery periods since the 1953-54 recession. Gains in industrial production and nonfarm payroll employment since the recession's trough of last November have been a shade above average, while the net decline in the unemployment rate so far has been considerably faster than normal and growth in real GNP for the first two quarters of this year was slightly below average.

Normally, an economic expansion slows in its second year. In the first year of recovery after the past six recessions, growth in real GNP averaged 6.1 percent. Excluding the short-lived upturn from the 1980 recession, growth then slowed to an average of 4.6 percent during the next four quarters. The magnitude of growth expected during 1983 and 1984 is roughly in line with these historical averages.

Initial Phase of Recovery

from recession of:	Real GNP (1)	Industrial Production (2)	Payroll Employment (2)	Civilian Unemployment Rate chg. in points (2)
1953-54	6.8%	7.0%	1.0%	-1.0
1957-58	6.2	12.8	2.3	-1.2
1960-61	5.0	9.9	1.9	-0.4
1969-70	6.0	4.8	1.3	0.1
1973-75	7.1	10.6	1.5	-0.3
1980	6.4*	8.4	1.5	-0.5
average	6.3	8.9	1.6	-0.6
1981-82	5.9	10.2	1.7	-1.2

(1) first 2 quarters of recovery, annual rate

(2) first 8 months of recovery from business cycle trough

*3Q1980 to 1Q1981, annual rate

PERSONAL TAX BURDEN DECLINES

The three-stage reduction in Federal personal income tax rates became fully effective in July, bringing the personal tax burden to the lowest level since 1978. The reduction occurred despite increases in other Federal taxes, such as social security, and in State and local government taxes. Although bracket creep will cause the personal tax ratio to start edging upward once again, low inflation rates will keep the increases small.

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Effective Taxes, as
percent of earned personal income*

<u>annual</u>	<u>burden</u>	<u>quarterly</u>	<u>burden</u>
1975	20.5%	1981 III	24.0%
1976	21.4	1981 IV	23.7 (5% tax cut)
1977	22.0	1982 I	24.0
1978	22.3	1982 II	23.9
		1982 III	23.7 (10% tax cut)
1979	22.9	1982 IV	23.7
1980	23.3	1983 I	23.4
1981	23.9	1983 II	23.5
1982	23.8	1983 July	22.5 (10% tax cut)

*Taxes consist of personal tax and nontax payments plus personal contributions for social insurance. Earned personal income equals wages and salaries, proprietors' income, interest, dividends, and rental income.

INTEREST RATES EASE AFTER RISING FOR TWO MONTHS

Financial markets appeared to be calmed during the past few weeks by reports of declines in the monetary aggregates and, perhaps, by scattered signs of slowing in the economy. The renewed rise in interest rates that began in May seems to be checked, though at levels that may hamper the housing and auto sectors.

<u>Monthly</u>	<u>Fed Funds</u>	<u>3-month Comm. Paper</u>	<u>6-month T-bill*</u>	<u>Long-Term Treasuries</u>	<u>AAA Corp Bonds</u>	<u>Mortgage Commitment Rate</u>
Nov. 1982	9.20	8.69	8.32	10.18	11.68	13.83
May 1983	8.63	8.33	8.20	10.21	11.46	12.63
June 1983	8.98	9.00	8.89	10.64	11.74	12.87
July 1983	9.37	9.25	9.29	11.10	12.15	13.42
<u>Week Ending</u>						
Aug. 5	9.59	9.61	9.56	11.52	12.62	13.73
Aug. 12	9.66	9.75	9.70	11.65	12.71	13.84
Aug. 19	9.67	9.55	9.55	11.28	12.40	13.89
Aug. 26	9.41	9.30	9.29	11.18	12.32	13.78

*weekly auction rate

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- o Growth in all major monetary aggregates slowed in July, especially M2 and M3, which were within the Fed's target ranges. Recent weekly data show little change in M1, the narrow money supply. During the week of August 17, M1 had moved down to about the upper limit of its target range.
- o Mortgage commitment rates continued to edge up, but the FHA-VA ceiling rate was lowered on August 23 by half a point to 13 percent. On August 1, the ceiling rate had been raised one full point.

Private credit demands remain restrained. Corporate cash flow is rising and is high relative to capital spending, relieving pressures on business short-term borrowing. Moreover, firms issued a considerable amount of new bonds and equities earlier this year. Consumer installment credit picked up in June, though it probably has slowed since then with a weakening in new car sales. Demand for mortgage funds also appears to be slowing. Treasury borrowing requirements, however, continue to run strong in the third quarter.

SIGNS OF MODERATING ECONOMIC GROWTH

1. Moderation in consumer spending

Personal consumption expenditures will still rise, but by considerably less this quarter than the second quarter's torrid pace. Key determinants of consumer spending are still generally favorable. Disposable personal income jumped by a strong 1.7 percent in July largely because of the tax cut, consumer confidence remains high, and prospects are good for continued growth in employment and income. A renewed rise in interest rates, however, could be damaging and become a drag on consumer expenditures.

- o Growth in consumer spending slowed to 0.5 percent in June and 0.4 percent in July, following strong increases averaging 1.4 percent during the previous three months.
- o Some of the springtime surge in spending may have come in anticipation of the widely advertised tax cut. Consumers accelerated their installment credit borrowing. Credit outstanding rose at an annual rate of almost 11 percent in the second quarter compared with 7 percent in the first quarter.

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- o Even so, the installment debt burden (credit outstanding relative to personal income) remained just under 13 percent. That was only a shade above the cyclical low of 12.8 percent in the fourth quarter of 1982, and well below the record high of 15 percent for all of 1979. Thus, considerable leeway exists for installment credit to help fuel consumption during this recovery.
- o New car sales in July and the first three weeks of August were a little below the June peak. Some of the recent weakening in sales may be due to shortages of new cars among dealers. Auto inventories have declined every month since February and at the beginning of July the stock-to-sales ratio was the lowest in ten years.
- o Consumer confidence (according to both the Conference Board and the Michigan indexes) remained at high levels in June and July after a strong upswing through May. The University of Michigan index was at the highest level in over a decade. These consumer confidence measures have been reliable leading indicators for consumer spending and for the general economy.

2. Moderation in homebuilding

Housing starts have leveled off in recent months, while sales of new, single-family homes have weakened a little. Residential investment will still contribute modestly to third quarter's real GNP growth, but further gains appear to be contingent upon a reversal of the recent backup in mortgage interest rates.

- o Housing starts hit a recovery high of 1.81 million units (annual rate) in May and then edged down by 3.7 percent during the next two months. Single-family starts dropped almost 15 percent from May to July.
- o If May proves to be the current cycle's peak in housing starts, this will have been one of the earliest postwar peaks in housing starts after the beginning of a general economic recovery. In seven previous cycles, housing starts crested on average 17 months after the recession's trough at an annual rate of 1.95 million units.
- o Manufacturers' shipments of mobile homes continued to recover during the second quarter. Shipments in June, the latest month available, were at an annual rate of 308 thousand, the highest in almost six years. The recent low was 222 thousand last September.

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- o The upward trend in sales of new one-family homes slowed after January, following a surge during the second half of 1982. Sales leveled off in June and dropped 6 percent in July.

3. Moderation in leading indicators

The composite index of leading economic indicators is expected to show a modest gain in July--the smallest for any month so far in the recovery. This is an early sign that the strong economic growth rate of the second quarter will taper to a more sustainable pace.

STRENGTH IN LABOR MARKETS AND INDUSTRIAL SECTOR

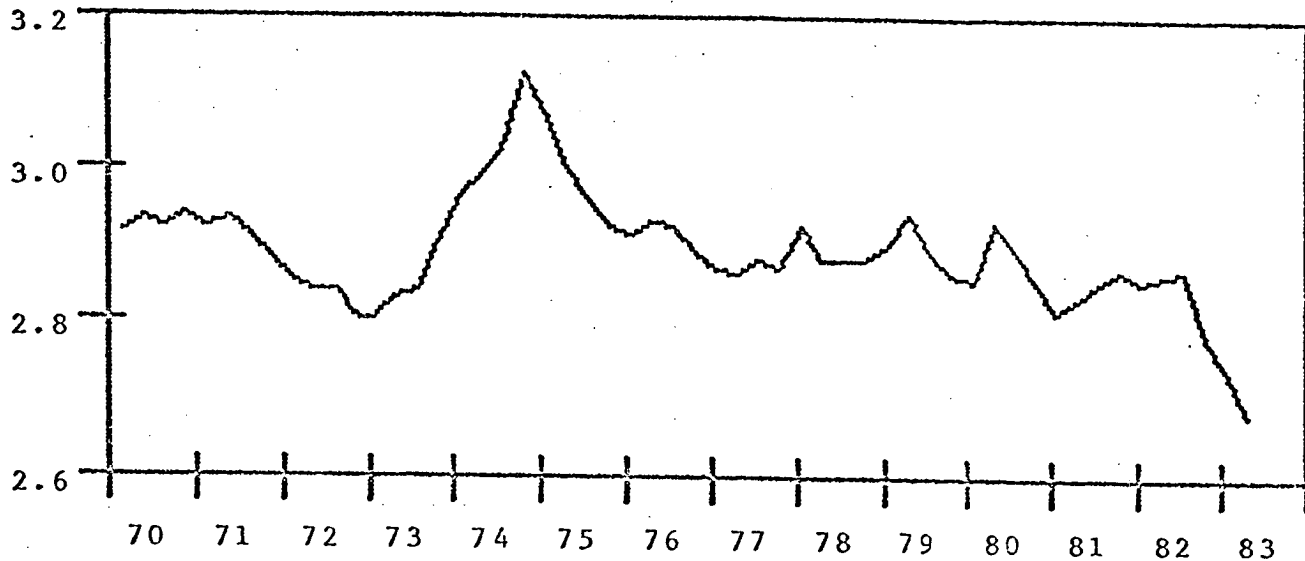
Labor market conditions improved substantially in July, while industrial production soared. Nonfarm payroll employment, measured by the survey of establishments, rose by almost half a million--the largest monthly advance so far in this recovery. Industrial production increased by an unusually large 1.8 percent. These data indicate that third quarter's output was off to a strong start, based partly on what appears to be renewed inventory building.

- o Gains in payroll employment continued to be widespread in July, with 70 percent of 186 private nonfarm industries showing higher employment than in the month before.
- o Unemployment dropped by a surprisingly large 0.5 percentage point in July, bringing the rate for all workers to 9.3 percent--below the 9.6-percent projected for the fourth quarter in July's Mid-Session Review Of The Budget. Unemployment rates tend to move erratically during the summer months, so an increase in August or September could occur despite continued overall economic improvement.
- o Initial claims for unemployment insurance dropped to 380 thousand in July and remained close to that level in early August. These figures are consistent with further strong growth in payroll employment. The strike against AT&T, however, involving 675 thousand workers, may result in a temporary dip in payroll employment to be reported for August.
- o Gains in industrial production in July were widespread among industries, with especially sharp increases in steel and autos. Output of consumer home goods, business equipment, defense, and construction supplies continued to advance at strong rates. Within the mining sector, oil and gas extraction recovered for the third month after a long and deep slide through April. Output of utilities surged partly due to heavy use of electricity for air conditioning.

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- o The strength in production, coupled with a slowdown in consumer spending, suggests the beginning of inventory rebuilding, following liquidation during 1982 and the first half of 1983. At the end of June, real nonfarm inventories were very lean relative to real final business sales, as shown in the chart below.

Ratio: Real Nonfarm Inventories
to Real Final Business Sales



- o Industrial capacity utilization rose by 1.2 percentage points in July to 75.8 percent, the highest rate since late 1981. Continued increases in the operating rate, though not as large as in July, probably will bring the figure close to 80 percent by year's end. This should encourage more capital spending in 1984.
- o Manufacturers' new orders for durable goods fell in July after a surge in June. July's decline was selective, concentrated in aircraft, autos, and computers. Backlogs rose again in July for the seventh increase in the past eight months.

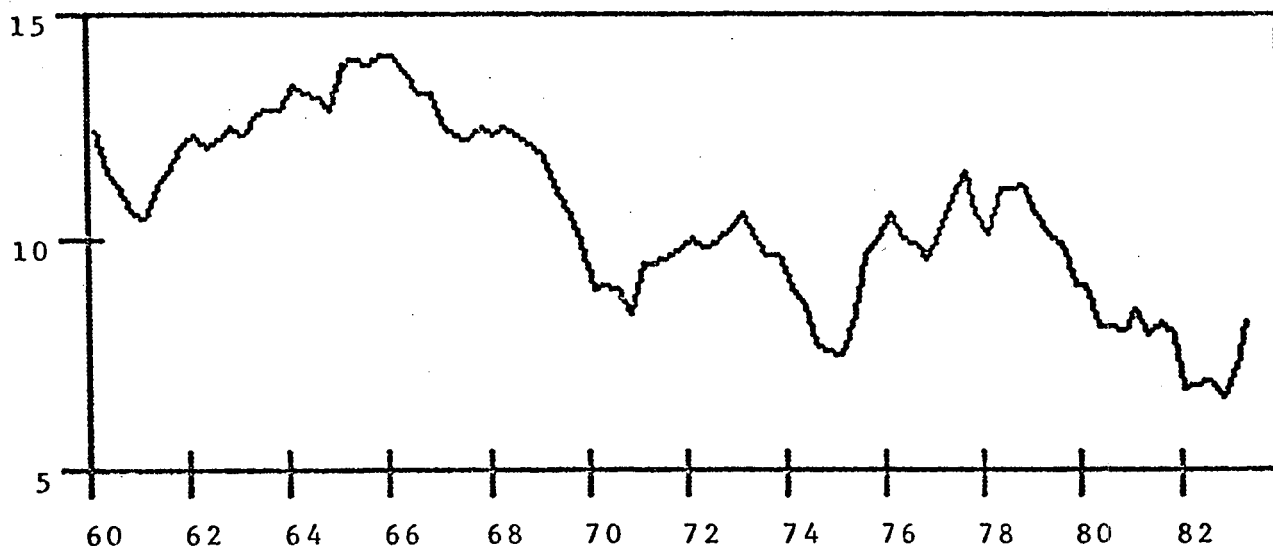
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SURGE IN PROFITS

Corporate profits are showing one of the strongest rebounds in the postwar period, supporting the past year's boom in the stock market. The surge in profits, together with the rapid rise in the industrial operating rate, should lead to some upward revision in business plans for investment. The latest investment survey is due for release by the Bureau of Economic Analysis on September 8.

- o Before-tax corporate profits from current production soared by 33 percent from the fourth quarter of 1982 to the second quarter of 1983. This followed a drop of 18 percent during the 1981-82 recession. The current rebound was exceeded in the postwar period only by a 38-percent leap during the first two quarters after the 1973-75 recession.
- o As a share of national income, corporate profits recovered slightly from the postwar low of 6.5 percent in the fourth quarter of 1982 to 8.2 percent in the second quarter of 1983, its level at the start of the last recession.

Before-Tax Corporate Operating Profits
(percent of National Income)



- o Nonfarm proprietors' income also has rebounded--rising by 23 percent from the end of the recession to July. The drop associated with the recession was 13 percent.

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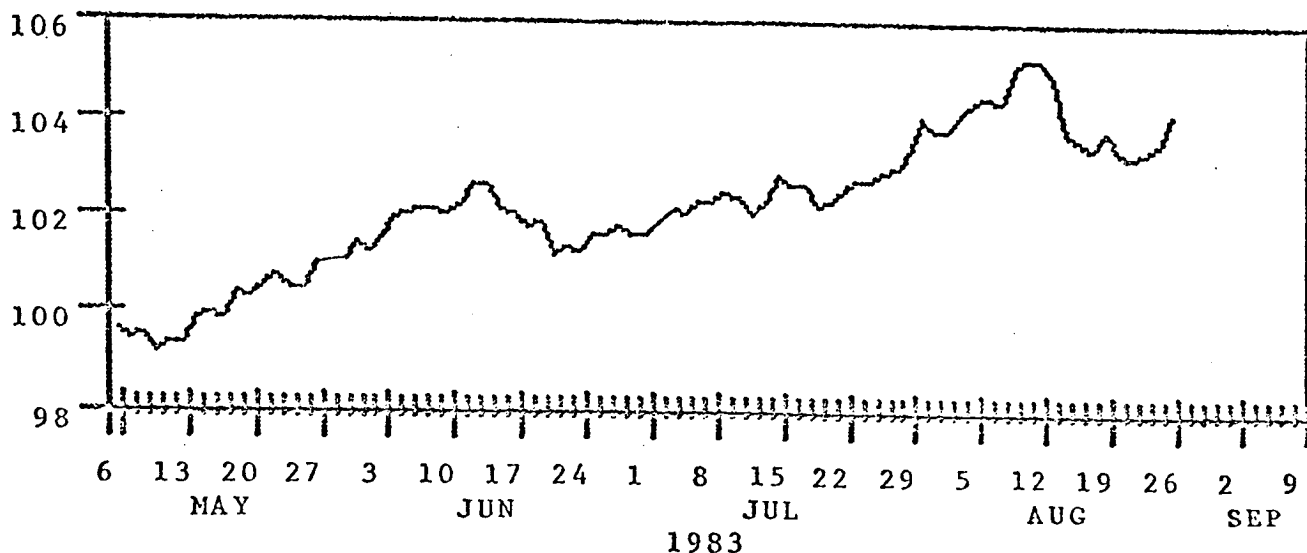
- o The surge in profits reflects an acceleration in business activity during the first half of the year which is stronger than indicated by real GNP. Real nonfarm business product, less the imputed value of housing services, surged at an annual rate of 13.2 percent in the second quarter, following a 5.0-percent rate of gain in the first quarter. Profits also benefited from a vigorous 4.8 percent rate of increase in nonfarm business productivity during the first half.

INTERNATIONAL

Weak export demand remains a drag on the economy, while rising imports continue to displace some domestic output. Given the strong dollar, the trade deficit probably will worsen as recovery proceeds at a faster pace here than among our major trading partners. Debt problems in developing countries will also remain obstacles to a significant recovery in exports.

- o The merchandise trade deficit, on a balance-of-payments basis, rose in the second quarter to an annual rate of almost \$60 billion, a record high. Exports edged down from the first quarter and were 19 percent below their peak of early 1981. Imports jumped 10 percent from the first to the second quarter, reflecting the rebuilding of petroleum inventories and continued rapid growth of nonpetroleum imports. July's trade deficit, on a c.i.f. basis, exceeded the monthly average of the second quarter by almost \$1 billion.
- o The dollar remains very strong. After hectic trading in foreign exchange markets during July, when the dollar appreciated by 4.3 percent against the German mark and 4.5 percent against the French franc, the Federal Reserve began limited intervention on July 29. The trade-weighted dollar hit a record high on August 12. Since then, the dollar has eased, particularly against the mark, the French franc, and the pound.

U.S. Trade-Weighted Value of the Dollar
(April 1971 = 100)



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WAGE-PRICE CHANGES REMAIN MODERATE

Major measures of inflation are still rising only moderately, while the rate of increase in wages continues to decelerate. Food and energy prices so far this year have not been a problem. This summer's weather, however, probably will soon begin to raise food prices. The recent spurt in energy prices, which appears to have run its course, reflected large gains in fuel oil and gasoline, following weakness earlier in the year. Apart from food and energy, price increases have accelerated slightly at both the producer and retail levels.

	Annual Rate of Change		
	6 months ending		3 months ending
	Jan. 83	July 83	July 83
Producer Prices: Finished Goods	1.5%	1.4%	3.6
Consumer Foods	-0.7	1.0	-6.8
Energy Goods	-2.4	-7.0	24.7
Other Items	2.8	3.5	3.5
Consumer Price Index	1.4	3.4	4.7
Food	0.7	2.1	-0.3
Energy	1.8	0.9	13.3
Other Items	2.0	4.2	4.7
Hourly Earnings Index	5.3	3.3	3.2

- o Producer prices for finished goods edged up only 0.1 percent in July--about the average monthly gain for the past year. Consumer food prices dropped for the third month; a further decline in August is unlikely.
- o The CPI rose 0.4 percent in July--twice the modest 0.2 percent average monthly increase during the past year. Food prices edged down for the second month.
- o Excluding food and energy, both producer prices for finished goods and consumer prices rose at an annual rate of about 5 percent during the two months ending in July. A 4 to 5-percent rate of inflation through next year seems likely.
- o The hourly earnings index rose by only 0.2 percent in July, lowering the annual rate of gain since January to 3.3 percent. With unemployment declining and profits surging, wage increases should begin to pick up soon.

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- o The hot, dry weather in much of the nation this summer will raise food prices. Spot prices of corn and soybeans have risen sharply since the end of June. Carryover corn stocks are much higher relative to demand than is the case for soybeans, which helps to explain the larger percentage increase in soybean prices.

<u>\$ per bushel</u>	<u>June 30</u>	<u>July 29</u>	<u>August 26</u>
corn	\$3.14	\$3.37	\$3.60
soybeans	\$5.95	\$6.76	\$9.11

- o Based on conditions as of August 1, the Department of Agriculture projected that this year's corn crop would be one billion bushels below their earlier estimate and more than three billion bushels or 38 percent below last year's record level. The soybean crop also has been hit by the weather. Since August 1, growing conditions have worsened. A new estimate of this year's crops will be issued on September 12.
- o Farmers are reducing livestock herds because of the heat and rising feed costs. While meat prices may fall in the near term, they can be expected to lead next year's rise in food prices.

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August 30, 1983

ECONOMIC INDICATORS

	<u>July</u>	<u>June</u>	<u>May</u>	<u>Apr</u>	<u>Mar</u>	<u>Feb</u>
<u>General Indicators</u> (% change)						
Composite Index of Leading Indicators		1.0	1.2	1.3	2.0	1.6
Composite Index of Coincident Indicators		0.8	1.7	0.7	0.8	-0.4
Composite Index of Lagging Indicators			-2.1	-0.8	-1.1	-0.2
NAPM Composite Diffusion Index (percent)	67.1	59.6	55.1	57.1	54.7	56.6
<u>Employment</u>						
Total Employment (change in 000's)	495	1228	97	362	40	-43
Payroll Employment (change in 000's)	487	411	331	276	68	-140
Unemployment (change in 000's)	-556	-46	-136	-53	-109	44
Unemployment Rate (percent)	9.3	9.8	10.0	10.1	10.1	10.2
Initial Claims for Unemployment Insurance (000's)	380	406	453	470	479	478
Factory Workweek (hours)	40.3	40.2	40.0	40.1	39.5	39.2
<u>Production and Orders</u>						
Industrial Production (% change)	1.8	1.1	1.3	1.9	1.4	0.5
Capacity Utilization, Manufacturing (%)	75.8	74.6	73.9	73.1	71.8	71.0
Auto Production (mil. units, AR)	6.6	6.4	6.0	5.8	5.7	6.8
Total New Orders (% change)	-1.7	5.1	2.3	2.3	3.1	-3.1
Nondurable Goods (% change)	0.2	2.5	3.0	0.3	2.9	-0.3
Durable Goods (% change)	-3.5	7.6	1.6	3.9	3.2	-6.0
Nondefense Capital Goods (% change)	-11.3	9.3	-1.6	12.8	4.5	-6.5
<u>Inventories</u>						
<u>Manufacturing and Trade</u>						
Inventories (% change)		-0.1	0.2	0.3	-0.9	0.0
Inventory/Sales Ratio		1.36	1.39	1.44	1.45	1.49
Chg. in Auto Inventories (mil. units, AR)	-0.2	-0.9	-0.6	-0.4	-0.4	1.0
<u>Prices and Wages</u>						
Consumer Price Index (% change)	0.4	0.2	0.5	0.6	0.1	-0.2
Food (% change)	-0.1	-0.3	0.3	0.5	0.6	0.0
Energy (% change)	0.3	0.3	2.5	2.0	-0.9	-3.7
All Other Items (% change)	0.6	0.3	0.3	0.4	0.2	0.4
<u>Producer Prices</u>						
Finished Goods (% change)	0.1	0.5	0.3	-0.1	-0.3	0.2
Intermediate Goods (% change)	0.3	0.8	0.4	-0.3	-0.4	-0.1
Crude Goods (% change)	-1.2	-0.1	0.0	1.6	0.7	0.3
Hourly Earnings Index (% change)	0.2	0.1	0.4	0.4	0.0	0.5
Hourly Earnings Index (12-month % change)	4.3	4.6	4.8	5.2	5.4	5.7

ECONOMIC INDICATORS (cont'd)

	<u>July</u>	<u>June</u>	<u>May</u>	<u>Apr</u>	<u>Mar</u>	<u>Feb</u>
<u>Consumer Spending and Income</u>						
Personal Income (% change)	0.6	0.5	1.2	0.7	0.7	-0.1
Wages and Salaries (% change)	0.7	0.5	1.2	0.9	0.7	-0.2
Disposable Personal Income (% change)	1.7	0.4	0.9	0.9	0.8	-0.2
Real Disposable Personal Income (% change)		0.2	0.5	0.1	0.6	-0.3
Personal Consumption Expenditures (% change)	0.4	0.5	1.7	1.8	0.8	0.1
Real Personal Consumption Expenditures (% change)		0.3	1.4	0.9	0.6	0.0
Retail Sales (% change)	0.0	0.3	3.1	2.3	2.3	-1.2
Domestic New Car Sales (mil. of units, AR)	7.2	7.5	6.9	6.4	6.2	6.1
Saving Rate (percent)	5.0	3.7	3.8	4.5	5.3	5.3
Consumer Installment Credit (change, \$ millions)		4406	2696	2271	2582	735
Consumer Confidence Index (Conf. Board)	84.2	84.9	84.0	80.3	77.1	65.8
Consumer Buying Plans (Conf. Board)	97.3	103.6	85.2	86.0	87.9	75.8
Consumer Sentiment (U. Mich.)	93.9	92.2	93.3	89.1	80.8	74.6
<u>Construction</u>						
Real Construction Expenditures (% change)		2.7	2.1	1.0	-0.3	-2.1
Private Residential (% change)		4.3	4.3	5.6	2.4	3.6
Private Non-residential (% change)		2.7	0.5	-3.3	-1.4	-4.1
Public (% change)		-0.9	1.3	1.0	-2.8	-7.5
New Home Sales (% change)	-6.5	0.3	4.1	3.9	3.0	-2.9
Housing Starts (000's of units, AR)	1741	1752	1807	1506	1605	1784
Housing Starts (% change)	-0.6	-3.0	20.0	-6.2	-10.0	5.3
Housing Permits (% change)	3.1	7.7	6.4	4.7	-0.8	2.2
Mortgage Interest Rates, FHLMC (percent)	13.42	12.87	12.63	12.78	12.80	13.04
<u>Money and Credit Conditions</u>						
M1 (% change)	0.7	0.8	2.2	-0.2	1.3	1.9
M2 (% change)	0.5	0.9	1.0	0.2	0.9	2.0
Federal Funds Rate (percent)	9.37	8.98	8.63	8.80	8.77	8.51
3-month Treasury Bills, Auction Rate (percent)	9.12	8.82	8.19	8.25	8.30	8.13
Bank Prime Rate (percent)	10.50	10.50	10.50	10.50	10.50	10.98
Treasury Bond Yields (percent)	11.10	10.64	10.21	10.19	10.34	10.60
Corporate Bond Yields (percent)	12.38	11.90	11.24	11.58	11.81	12.11
Commercial and Industrial Short Term Credit (% change)		0.3	-1.5	-1.0	0.3	-0.2

ECONOMIC INDICATORS (cont'd)

	<u>July</u>	<u>June</u>	<u>May</u>	<u>Apr</u>	<u>Mar</u>	<u>Feb</u>	<u>Jan</u>
<u>International Trade</u>							
Merchandise Exports (\$ billions)	16.6	17.0	15.6	16.1	16.8	16.3	17.4
Merchandise Imports (\$ billions)	23.0	22.0	22.5	20.7	20.4	19.9	21.0
Trade Balance, c.i.f. (\$ billions)	-6.4	-5.0	-6.9	-4.6	-3.6	-3.6	-3.6
<u>National Accounts</u>							
	<u>1983</u>		<u>1982</u>				
	<u>II</u>	<u>I</u>	<u>IV</u>	<u>III</u>	<u>II</u>	<u>I</u>	
Nominal GNP (% change, AR)	13.0	8.2	2.5	2.7	6.6	-1.4	
Real GNP (% change, AR)	9.2	2.6	-1.3	-1.0	1.0	-5.5	
Real Disposable Income (% Change, AR)	3.3	2.9	2.6	-0.3	1.9	-1.9	
Real Consumption (% change, AR)	9.7	2.9	3.6	0.9	3.1	2.4	
Real Nonresidential Fixed Investment (% change, AR)	5.9	-1.5	-6.6	-8.8	-14.3	-5.9	
Real Residential Fixed Investment (% change, AR)	76.1	57.3	53.2	-13.0	17.9	-28.5	
Housing Starts (000's of units, AR)	1688	1694	1261	1122	950	903	
Change in Business Inventories (\$72, billions)	-4.0	-15.4	-22.7	-1.3	-3.4	-10.2	
Net Exports (\$72, billions)	11.0	20.5	23.0	24.0	33.4	35.2	
Real Government Purchases (% change, AR)	-1.4	-8.8	10.6	9.4	-5.0	-0.2	
Fixed-weighted Price Index (% change, AR)	4.4	3.4	4.7	5.9	4.7	5.3	
<u>Corporate Profits (% change)</u>							
Before-tax (current production)	18.1	12.3	-3.9	1.0	3.0	-15.6	
After-tax (current production)	16.1	11.5	0.3	2.2	3.5	-12.6	
Before-tax (book)	17.3	1.3	-5.5	-0.8	3.2	-20.3	
After-tax (book)	14.7	-4.7	-2.6	-0.8	4.0	-20.3	

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